

CITY OF MIAMI BEACH
Office of the City Manager
Letter to Commission No. 068-2004



To: Mayor David Dermer and
Members of the City Commission

Date: March 25, 2004

From: Jorge M. Gonzalez
City Manager

A handwritten signature in black ink, appearing to read "Jorge", written over the printed name of the City Manager.

Subject: THEATER MANAGEMENT - BYRON CARLYLE AND COLONY THEATERS

This Letter to Commission is in response to your request for additional information on the management of the Byron Carlyle and Colony Theaters during the Commission Workshop of January 8, 2004.

With the Byron Carlyle and Colony Theaters presently under renovation and scheduled to open in the near future under the City's jurisdiction, it is now important to identify an efficient and professional management system for both venues. During the fall of 2003, the Tourism and Cultural Development Department conducted an in-depth survey of management structures for theaters in South Florida and other selected metropolitan U.S. areas. Included in this survey was expense and income information related to the last three years of the Colony Theater's operations prior to its closing for renovation in July 2002. The purpose of this survey was to assemble what is believed to be an equitable rental plan and project annual operating budgets for the Byron Carlyle and Colony Theaters.

It is estimated that in the first full year of operation, the Colony and Byron Carlyle Theaters may expect to reflect the following ranges of revenue and expense:

Byron Carlyle	Worst Case		Best Case
Est. Projected Revenue	*\$65,950.00		**\$137,998.00
Est. Projected Expenses		\$333,824.00	
Est. Projected Operating Income (Loss)	(\$267,874.00)		(\$195,826.00)

*Represents 25% use of 12 month period or 91 rental periods

**Represents 60% use of 12 month period or 220 rental periods

Colony			
Est. Projected Revenue	*106,950.00		**\$174,288.00
Est. Projected Expenses		\$363,630.50	
Est. Projected Operating Income (Loss)	(\$256,680.50)		(\$189,342.50)

*Represents 37% use of 12 month period or 135 rental periods

** Represents 60% use of 12 month period or 220 rental periods

Furthermore, it is estimated that with an aggressive marketing campaign for rentals that it will take two years to reach high end revenue projections for the Byron Carlyle and one year for the Colony. The range of the above projections has been confirmed by the Dowling Study, SMG and City Staff.

It is the recommendation of staff that the over arching goal of the operations of the Colony and Byron Carlyle Theaters is to ensure an open process for the support of small and emerging local arts organizations and develop a unique and diverse cultural experience in keeping with our thriving

tropical metropolis. This will be important for not only effective marketing and audience development but for creating a solid prospectus for increased financial support in the future. The management company selection is pivotal to this process.

There are four available management systems for consideration in this matter. A brief description of each follows:

1. The City may exercise the option in the current management contract to have SMG manage and operate the two theaters. This is the most expedient method for getting immediate theater management in place.

Although details still need to be negotiated and agreed upon, the City's option provides for SMG to assume all management and services responsibilities for the venues similar to the operating structure for the Jackie Gleason Theater.

SMG has demonstrated their ability to manage small theaters through their current national portfolio. However, it is important to note that concerns have been expressed by the Cultural Community regarding SMG's ability to serve the unique needs of the non-profit/performing arts organizations. There appears to be a public perception that SMG is a large corporate entity solely interested in managing a "turnstile" rental operation.

While the assertions about SMG and their relationship to non-profit/performing arts organizations are undocumented, the City believes SMG is more than capable of operating both the Byron Carlyle and Colony Theaters and would clearly offer potential cost efficiencies.

Furthermore, AMS recently completed a study in which there was a detailed assessment of the existing performing arts venues in Miami Beach and their management systems. This study made a series of recommendations including a structure for managing the Byron Carlyle and Colony Theaters. That recommendation was a hybrid model where SMG would assume the portion of the theater management related to services (marketing, ticketing, box office and concessions) and another independent entity would assume the operations/facility management (facility-related services, technical assistance and staff, programming, rentals, maintenance) portion.

While this model was recommended by the AMS study, there is unanimous concern about the difficulties and confusion that could arise with two individual companies responsible for managing the theaters. Having two separate entities involved in the day-to-day management of the venues lends to potential breakdowns in communication.

City Staff discussed the communication concerns with AMS after reviewing their recommendation. AMS recommended this model in order to take advantage of SMG's core competencies and address the concerns expressed by the non-profit/performing arts organizations. It is with this goal that the City Administration and SMG have met to discuss a potential management structure for the two theaters and have developed a model which, the Administration believes incorporates the AMS suggested hybrid and addresses the concerns of the non-profit/performing arts organizations.

The proposal assumes the City Tourism and Cultural Development Department would handle the booking and overall oversight of the facility and its mission and objectives. SMG would then provide operational support services, to include event Front of House functions (ushers, ticket takers, box office, and security) and overall facility operations management services (financials, housekeeping, maintenance). The City through the Tourism and Cultural Development

Department will drive the marketing functions, with SMG staff providing some support through its existing MBCC/JGT staff.

SMG has advised the City that they are willing to hire a staff person within the organizational structure of their operation specifically assigned to manage the Byron Carlyle Theater. As per the City's contract with SMG, they would receive an agreed upon management fee, and all personnel, including a manager, would be operating expenses of the two venues, similar to the operating relationship the City has established with SMG for the management of the Miami Beach Convention Center and Jackie Gleason Theater. A draft of the shared responsibilities is attached for your review.

Finally, the City Administration also feels the concerns of the non-profit/performing arts organizations can be further addressed through an established contractual tier rental rate program. A draft of these rates is also attached for your review.

2. A performing arts company-in-residence may be hired to assume all management and services responsibilities for the venues.

This could be a viable solution in the long term, but not one that will be easy to craft and implement with the window of time remaining before the facilities open. This option would be advantageous as the company-in-residence would not only be responsible for the day to day operations of the theaters, but there would be a single, ongoing artistic presence in the theaters which would help maintain consistent audience growth and visibility for the theaters in the long run. The possible downside would be that the calendar could, ultimately, have limited availabilities for other organizations wishing to book the space. It is appropriate to evaluate this option as a long term alternative but it is not recommended in the short term.

3. An appropriately drafted Request for Proposals (RFP) may be issued by the City of Miami Beach requesting proposals for the management of the venues.

Issuing an RFP for management of the theaters would be an equitable process for identifying a proper entity for this responsibility and would give the City the opportunity to review all potential proposals and alternatives. This process would not be as expedient as engaging SMG immediately, but would be an effort to allay public concerns demonstrating an effort on the part of the City to review all options for the management of the Byron Carlyle and the Colony Theaters.

The two most viable options are to exercise the option available in the SMG's current contract (option1) or to issue an RFP soliciting proposals and identifying the most suitable management company and structure for the management of the City's two theaters (option 3). Considering that the Byron Carlyle Theater construction is nearing completion, the Administration recommends exercising the option available in the SMG's current contract with a scope of work as described herein (option 1) for an initial term of one (1) year at which time the Administration will review and analyze the structure to determine the best manner in which to proceed.

JMG\CMC\MAS\bb

C: Christina M. Cuervo, Assistant City Manager
Max A. Sklar, Tourism and Cultural Development Assistant Director
Doug Tober, General Manager, Miami Beach Convention Center
Bill Baites, Cultural Affairs Program Manager

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Byron Carlyle Theater Management Structure

City Management Responsibilities

General Management:

- Liaison with local arts organizations
- Liaison with City of Miami Beach Administration
- Develop and oversee mission/strategic vision for venues
- Develop marketing program for theater
- Develop Annual Budget

Booking

- Answer telephone booking inquiries
- Show theater to all potential clients
- Keep Calendar of Events for availability and holds
- Generate Lease Agreement
- Disseminate booking and contract information to respective departments

Production:

- Oversee Stage Manager, who will:
 - Contact client for technical riders
 - Evaluate time necessary to set up show (time in theatre)
 - Supervise the load-in / show / and load out of every production
 - Provide crew
 - Update technical rider, light plot, ground plan and any other material needed in advance by visiting artists
 - Provide show crew billing sheets to SMG Finance for settlement
 - Point person to answer technical questions regarding venue.
 - Maintain all theater production equipment in excellent working condition (order replacement parts and lamps for all equipment)
 - Work with venue management on grants

SMG Responsibilities

Business Operations:

- Verify or purchase Insurance
- Accept payments (deposits and final payment)
- Prepare Settlements
- Prepare payroll
- Procure operating supplies
- Process Accounts Payable
- Process Accounts Receivable
- Assist in the development of Annual Budget
- Generate Monthly Financial Statements

Facility Operations:

- Schedule the opening and closing of the facility as per lessee needs
- Maintain utilities and telephone service
- Venue cleaning
- Venue security
- Maintain all theater non-production equipment in working condition
- Oversee maintenance contracts as necessary
- Keep theater in accordance with local fire and safety laws including inspection of fire alarms and extinguishers
- Coordinate and assist Property Management and CIP office in the installation and quality control of all capital improvements
- Provide Marketing assistance as requested for events and venue
 - Advertising buys
 - Assistance in website development

Event Operations

- Provide House Manager, ushers and ticket takers
- Staff concession
- Provide security as required
- Coordinate with clients for special receptions, events

Box Office

- Build shows
- Daily settlements
- Show settlements
- Answer telephone inquiries
- Maintain regular box office hours per budgeted allowances

Byron Carlyle Theater
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Theater Rental Rates

Non-Profit Organizations

	Performances 1 ½ hr. prior to Advertised time of curtain	Second Performance
Operating Budgets:		
\$250,000 or Below	\$500 (4.5 hrs.)	\$250 additional
\$250,000 - \$500,000	\$700 (4.5 hrs.)	\$350 additional
\$500,000 and above	\$900 (4.5 hrs.)	\$450 additional

Load In/ Rehearsal Rate: \$550 (10 hours)

Load Out Fee: \$50 per hour from final curtain

For-Profit Organizations

Performances

\$1000.00 (4.5 hours)

Load In/ Rehearsal Rate: \$800 (10 hours)

Load Out Fee: \$100 per hour from final curtain

Front of House Fees

\$350.00 includes House Manager, Ticket takers, Ushers, Maintenance Crew for first performance.
\$175.00 for second performance.

BOX OFFICE SETUP AND SALES' COSTS TBD

Lobby Reception Fee - \$20.00 per hour with 2 hour minimum.

Merchandising Policy – Client will staff merchandise sales and pay 10% commission on all sales.

**Byron Carlyle Theater
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Insurance Requirements

The City of Miami Beach must be named as an additional insured and policyholder on all insurance certificates issued for the event. All insurance policies must be issued by companies that are authorized to do business in the State of Florida, and have a rating of B+VI or better in the current edition of Best's Key Rating Guide. The Certificate of Insurance must state the time, date, location and name of the covered event, including set-up and breakdown day(s), date(s), and time(s). Applicants have the option of submitting a Certificate of Insurance for each policy year.

The City of Miami Beach reserves the absolute right at its sole discretion to increase these requirements, as necessary, to protect the interests of the City, including an increase in the amount and type of coverage required, depending upon the scope and nature of the special event.

- *Commercial General Liability* - Commercial General Liability insurance, on an occurrence form, must be obtained in the amount of at least \$1,000,000 per occurrence for bodily injury, death, property damage, and personal injury. The policy must include coverage for contractual liability.
- *Worker's Compensation And Employer's Liability* -Contractors must submit proof of Workers' Compensation and Employer's Liability in the form of a Certificate of Insurance. All other State regulations apply.
- *Liquor Liability* - If alcoholic beverages are to be sold or served at the event, the group or individuals selling or serving the alcoholic beverage must obtain Liquor Liability Insurance in the minimum amount of \$1,000,000. The sale of alcoholic beverages must be in compliance with the Liquor Control Regulations of the Code of the City of Miami Beach.

The City's Risk Manager must approve the Certificate of Insurance. Once approved, the Certificate will be kept on file in the Risk Management Division. The insurance requirements must be met no later than thirty (30) days prior to the event.

***Production Services**

Non-Profit labor Rates:

Performance 3 hour call from advertised time of curtain	flat	\$50.00 per crew member
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Byron Carlyle Theater -DRAFT-

Load-in, rehearsal 3 technicians & 4 hour minimum on all calls	per crew member	\$15.00 per hour
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Overtime (after 8 am and prior to 12 midnight) After 8 hours on a day or after 3 hours of A performance call	per crew member	\$22.50 per hour
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Commercial Labor Rates:

Performance 3 hour call from advertised time of curtain	flat	\$65.00 per crew member
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Load-in, rehearsal 3 technicians and 4 hour minimum on all calls	per crew member	\$17.50 per hour
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Overtime After 8 hours on a day or after 3 hours of A performance call	per crew member	\$26.25 per hour
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*All labor invoices are payable in full before the final performance. Please make one check payable to _____ for the total amount of invoice.

Equipment Rental

Marley Dance Floor	\$65.00 First Day	
Wireless Microphones	\$50.00 each additional day	\$150.00 weekly
Video Projector	\$50.00 per performance	\$900.00 weekly
	\$300.00 per day	

Equipment Sales Tax	7.0% sales tax
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Colony Theater Fee Schedule -DRAFT-

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\$250,000 - \$500,000	\$800 (4.5 hrs.)	\$400 additional
\$500,000 and above	\$1,000 (4.5 hrs.)	\$500 additional

Load In/ Rehearsal Rate: \$750 (10 hours)

Load Out Fee: \$100 per hour from final curtain

For-Profit Organizations

Performances
\$1500.00 (4.5 hours)

Load In/ Rehearsal Rate: \$1000 (10 hours)

Load Out Fee: \$150 per hour from final curtain

Front of House Fees

\$350.00 includes House Manager, Ticket takers, Ushers, Maintenance Crew for first performance.
\$175.00 for second performance.

BOX OFFICE SETUP AND SALES' COSTS TBD

Lobby Reception Fee - \$20.00 per hour with 2 hour minimum.

Merchandising Policy – Client will staff merchandise sales and pay 10% commission on all sales.

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*Production Services

Non-Profit Labor Rates:

Performance		
3 hour call from advertised time of curtain	flat	\$50.00 per crew member

Colony Theater Fee Schedule -DRAFT-

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Equipment Rental

Marley Dance Floor	\$65.00 First Day \$50.00 each additional day	
Followspot	\$45.00 per day	\$135.00 weekly
Piano rental	\$70.00 per day	\$210.00 weekly
Piano tuning	market rate	
Wireless Microphones	\$50.00 per performance	\$150.00 weekly
Video Projector	\$300.00 per day	\$900.00 weekly
Slide Projector	\$45.00 per day	\$135.00 weekly

Equipment Sales Tax	7.0% sales tax
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